INDEPENDENT SCHOOLS

FINANCIAL REPORTING AND ACCOUNTING IN MANITOBA EDUCATION

Manitoba
Education,
Citizenship
and Youth

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INTRODUCTION

This manual describes the standardized accounting terminology and financial reporting recognized in Manitoba by the independent schools and the Department of Education, Citizenship and Youth. This standardization allows for a common basis of information for use by the Department of Education, Citizenship and Youth, independent schools and other interested groups such as the Manitoba Federation of Independent Schools.

The FRAME Manual uses a multi-dimensional accounting code structure. The structure allows expenditures to be reported in one main fund, Operating. Items to be included in the Operating fund are defined in this manual. The coding structure also allows operating expenditures to be defined on the basis of what was purchased (Salaries, Benefits, Payroll Tax, Services and Supplies) and also why or what they were purchased for (Regular Instruction, Exceptional, Administration, Instruction and Pupil Support Services, Transportation and Operations and Maintenance.

This manual should be used to assist in completing the financial statements as required by the Department of Education, Citizenship and Youth.

An independent school must follow the standards set our in this manual for object and function/program definitions.

FRAME

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FUND ACCOUNTING

An Operating Fund must be maintained. In addition, where applicable, Capital, Trust and Other Funds may be used.

CLASSIFICATION OF EXPENDITURES

To provide a common language through which complete, accurate, and valid data can be obtained, it is necessary to know what was purchased (the **object** of the expenditure), why the expenditure was made (**function**), and how the expenditure is financed (**funds**).

Object - (what was purchased) - This dimension defines the service or commodity obtained as the result of a specific expenditure. An object of expenditure is that upon which money is spent.

Function - (why it was purchased) – Functions are the basis for classification. At the primary level are the functions which describe very broadly the services provided. Each function consists of a number of programs which relate the principal operations to the broad functions.

Four Levels of Classification:

1. Function-major group of related programs.
2. Program-grouping of program elements.
3. Sub-programs-used where a further subdivision of programs is considered useful.
4. Program element-identifiable operation/process/activity or service which contributes to the objectives of the program.

Funds (how the expenditure is financed). A fund is a separate accounting entity established to segregate, within the accounting system of an organization, those transactions recording the acquisition or disposal of financial resources which the organization is required, or desires, to devote solely to a particular activity or towards a particular objective.

ACCOUNTING PRINCIPLES

Schools are expected to follow Generally Accepted Accounting Principles (GAAP) except where noted.

Depreciation

Depreciation is **not** recorded in the operating fund financial statements, but may be used for internal costing purposes.

Leases

Leases shall be categorized as Capital or Operating Leases. Capital leases are defined as leases which transfer substantially all the benefits and risks of ownership of a capital asset to the school division. Operating leases are defined as leases in which the lessor, not the school, retains all the benefits and risks of ownership of the leased property.

The value of the capital lease attributable to asset value, interest and operating expenditures will be determined on a reasonable basis. The amount due or accrued for each fiscal year will be recorded as an asset and interest in the Capital Fund in the applicable fiscal year, while operating expenditures will be shown in the Operating Fund.

Operating leases will be recorded on an accrued basis in the Operating Fund.

Future years lease obligations will be shown as a note to the financial statements.

Adjustments due to Change in Accounting Policies and Principles

Financial statements for prior periods should be adjusted.

The cumulative effect of the change on surplus/deficit for prior years should be stated in the Surplus/Deficit account in the year of the change.

BALANCE SHEET ACCOUNTS

ASSETS

Cash
Investments
Accounts Receivable
    Provincial Government
    Federal Government
    School Fees
    Other
Allowance for Doubtful Accounts
Inventory
Prepaid Expenses

LIABILITIES

Overdrafts
Accounts Payable
    Provincial Government
    Other
Accrued Liabilities
Unearned Revenue
Loans

Accumulated Surplus (Deficit)

BALANCE SHEET ACCOUNTS

Cash

Includes cash on deposit with any bank, credit union, etc. Also includes cash on hand and petty cash funds.

Investments

Represents securities, term deposits, etc. in which a School invests.

Accounts Receivable

Provincial Government
Includes all amounts due from Provincial Government .

Federal Government
Includes all amounts due from the Federal Government.

School Fees
Amounts due from parents.

Other
Includes all amounts due from individuals, corporations, firms, and other funds etc.

Allowance for Doubtful Accounts

An estimate of uncollectible accounts.

Inventory

Represents the cost of supplies, maintenance material, etc. not yet put in use.

Prepaid Expenses

Include prepaid expenses representing amounts paid but services not received.

Overdrafts

Includes all overdrafts with banks, credit unions, etc.

Accounts Payable

Provincial Government
Includes all amounts owing to the Provincial Government.

Other
Represents liabilities owed to private persons, firms or corporations.

Accrued Liabilities

Includes all accrued liabilities for services received but not payable. Includes salaries, wages, and employee benefits payable.

Unearned Revenue

Represents revenues received before they are earned.

Loans

Includes the principal amount of all loans.

Accumulated Surplus (Deficit)

Represents accumulated surplus or deficit.

OPERATING FUND REVENUE

Provincial Government

Department of Education, Citizenship and Youth

Instruction and Services
Special Needs
Curricular Materials
Other-eg URIS (Unified Referral Intake System)

Other Provincial Government Departments

Consists of revenue received from the Manitoba Government excluding the Department of Education, Citizenship and Youth.

Federal Government

Consists of revenue received from the Government of Canada for the French Language grant and other revenue.

School Fees

Consists of school fees from parents and other sources.

Other Sources

Includes all other miscellaneous revenue such as interest, donations fundraising (net), and rental income.

FRAME

FUNCTIONS/PROGRAMS

Regular Instruction

Exceptional
- Administration/Coordination
- Gifted Education
- Clinical and Related Services
- Special Needs Classes
- Students with Special Needs in Regular Classes
- Other Resource Services

Pre-Kindergarten Education

Administration
- Board of Directors
- School Administration

Instructional and Pupil Support Services

Transportation

Operations and Maintenance

REGULAR INSTRUCTION

Consists of costs related directly to teaching of pupils and co-curricular activities for K-S4, e.g. teachers, educational assistants, textbooks, related supplies, services, and equipment such as desks, chairs, tables, audio visual equipment and computers. Also includes school based administration costs including principals, vice-principals, and support staff.

EXCEPTIONAL (Special Education Services)

Consists of costs specifically related to students who have special needs, (e.g. students who are gifted or physically, cognitively, or emotionally/behaviourally challenged). These costs would include special education and resource teachers, special needs educational assistants, clinicians, and related and appropriate services (e.g. occupational therapists), supplies, textbooks, materials, equipment, and software. Special education coordinators and clerical staff are also included.

Administration/Coordination

Consists of activities related to the administration and co-ordination of special instruction, support and services provided to exceptional students.

Gifted Education

Consists of activities related to the offering of individualized programming that addresses the needs of exceptionally able learners. Programs established for groups of identified gifted learners are also included. Such activities provide for specialized instruction and learning experiences which go beyond what is available in the regular classroom.

Do not include enrichment activities which are generalized in nature. These activities are included under Regular Instruction. Generalized enrichment activities can be distinguished from gifted education in that generalized enrichment is not developed to meet the needs of gifted students through individualized programming. Rather, the enrichment activities are planned to serve the needs of all students, although not all students may become involved or take advantage of these activities.

Generalized enrichment activities are activities that extend beyond the basic curriculum such as classroom interest centres, field trips, special group projects, guest speakers, drama clubs, debating clubs, astronomy clubs, political science clubs, chess clubs, concerts, art displays, school fairs, and intramural athletic programs.

Do not include the costs related to the offering of International Baccalaureate, Advanced Placement, university offered or correspondence courses. These costs are to be reported under Regular Instruction.

Clinical and Related Services

Consists of activities related to the diagnosis and provision of physical, mental and emotional health services not considered to be direct instruction required to implement a program of studies. Include the costs related to the activities of clinicians. The costs for nurses and therapists for special needs students could also be included here, as well as related support staff expenses.

Do not include the costs of nursing and dental services which are normally intended to provide all students with these services. Do not include those activities concerned with providing, preparing and serving regular and incidental meals, lunches, milk or snacks primarily to pupils. These costs are to be reported under Instructional and Pupil Support Services.

Special Needs Classes

Consists of activities directly related to teaching and instructional support provided in a special class placement outside the regular instructional classroom for students who have multiple disabilities, a severe behavioural disorder, and/or an identifiable/demonstrable learning disorder. These students require extensive modifications/adaptations in educational programming based on a comprehensive educational needs assessment. Normally, this does not include students whose primary educational placement is in a regular classroom. However, costs associated with special classrooms established for the specific purpose of meeting both long-term and short-term special needs on a regular "pull out" basis should be included here.

Counselling provided to students who are very severely or profoundly emotionally/behaviourally disordered and who are in special needs classes are to be allocated here.

Students with Special Needs in Regular Classes

Consists of personnel (excluding classroom teacher) and material costs related to providing support, above and beyond regular classroom requirements, to specific students in regular classes who have multiple disabilities, severe behavioural disorders, and/or identifiable/demonstrable learning disabilities. These students require extensive modifications/adaptations in educational programming based on a comprehensive educational needs assessment. These expenditures are necessary to maintain these students in the regular classroom setting on an ongoing basis.

Counselling provided to specific students who are very severely or profoundly emotionally/behaviourally disordered and who are in regular classes is to be allocated here.

Other Resource Services

Consists of costs for all resource programming except that which is related to Special Needs Classes, or the maintenance of a Student with Special Needs in the Regular Classroom. If the assignment of a resource teacher is exclusively (or nearly exclusively) with students in Special Needs Classes or those with Special Needs in Regular Classrooms, the salary of the resource teacher should be allocated to the appropriate program, otherwise, all resource teachers costs are to be charged here. Teacher assistants involved in the provision of resource programming are to be charged to this program.

This programming is provided in addition to regular instructional courses, programs and services. Such activities could be initiated and/or delivered at the classroom or school level.

Counselling and guidance costs are not included in Other Resource Services. All costs associated with counselling and guidance, other than those properly allocated to Special Needs, are to be allocated to Instructional and Pupil Support.

PRE-KINDERGARTEN EDUCATION

Consists of activities related to offering services to enhance the knowledge, skills, behavioural and developmental characteristics considered to be needed by children in preparation for kindergarten. Includes nursery programs.

ADMINISTRATION

Consists of costs related to the administration of the school including the Board of Directors.

Board of Directors

Includes all activities related to the Board of Directors, its members, secretarial and clerical staff. Includes professional services rendered to the Board, travel, conventions, membership in organizations and other expenses related to the official duties of the Board.

School Administration

Consists of business and administrative services, including accounting, auditing, payroll, advertising, legal services, printing, publishing and duplicating; data processing (data processing costs which are an integral part of the student learning process are excluded from this program category and included in Regular Instruction); and professional staff development of non-instructional staff including conventions.

INSTRUCTIONAL AND PUPIL SUPPORT SERVICES

Consists of the following:

- curricular consulting and development;
- educational media (libraries, media centres and materials);
- computer related costs applicable to the support and direct administration of educational media;
- professional and staff development of instructional staff;
- counselling and guidance for pupils and parents, and assisting with personal, career and social development;
- physical and mental health services which include medical, dental and nursing services that are not direct instruction;
- activities related to attendance including prompt identification of patterns of non-attendance;
- food services primarily for pupils;
- various other instructional and pupil support such as graduation, student aid, awards, report cards, sabbatical leave, and courses for college and university credit.

TRANSPORTATION/BOARDING OF PUPILS

Consists of costs, including bus maintenance and repaid, lease and rental costs relating to the transportation of pupils to and from school as well as transportation to and from other instructional facilities where the purpose is to provide instructional programs not available at the school.

Included also are transportation expenditures for field trips, co and extra-curricular activities, and other activities. Non transportation costs such as meals, lodging etc. are to be included under the applicable function.

Also included are expenditures related to the management and control of student dormitories. The regular operating expenses of the facility should be recorded under operations and maintenance.

Does not include the purchase of school buses over $10,000 per unit as they are recorded in the capital fund.

OPERATIONS AND MAINTENANCE

Consists of all activities related to custodial care in keeping buildings, systems (heating, lighting, plumbing etc.) and attached equipment clean and ready for daily use; housekeeping, heating and utilities, ordinary repair and upkeep. Includes rentals leases, property taxes and building and property insurance.

Consists of repair and replacement expenditures required to maintain schools in operating condition. Major renovations, including roof replacement and additions greater than $10,000 should be recorded in the Capital Fund.

Includes expenditures for operation of grounds like snow removal, grass mowing, palnting and for repairing, replacing and maintaining the utility of walks, playgrounds, driveways, flagpoles, fences etc.

OBJECTS

300 Salaries

- 310 Directors Remuneration
- 320 Executive, Managerial and Supervisory
- 330 Instructional - Teaching
- 350 Instructional - Other
- 360 Technical, Specialized and Service
- 370 Secretarial, Clerical and Other
- 380 Clinicians

400 Employee Benefits and Allowances

- Group Health and Life Insurance
- Employee Retirement
- Social Insurance
- Other

500 - 600 Services

- 510 Professional, Technical and Specialized
- 520 Communications
- 530 Utility Services
- 540 Travel and Meetings
- 550 Transportation of Pupils
- 560 Tuition
- 570 Printing
- 580 Insurance and Bond Premiums
- 590 Maintenance and Repair Services
- 610 Rentals
- 620 Taxes
- 630 Advertising and Promotion
- 640 Dues and Fees
- 650 Professional Development

700 Supplies, Materials and Minor Equipment

- 710 Supplies
- 740 Curricular/Media Materials
- 760 Minor Equipment

OBJECTS

900 Transfers and Other

960 Bad Debt
970 Interest and Bank Charges
980 Organizations, Individuals and Other Entities

OBJECTS

Directors Remuneration - 310

Includes payment to members of a board of directors in consideration of all regular or special services rendered. Travel allowances to members and reimbursement for other expenses incurred are recorded under Travel and Meetings. Includes attendance at conventions.

Executive, Managerial and Supervisory - 320

Includes salaries of all personnel on the school payroll who have managerial and/or supervisory duties. This category includes directors, principals and their assistants, business managers and supervisors.

Instructional – Teaching - 330

Includes salaries of all teachers on the school payroll who render direct and personal services which are in the nature of teaching or the improvement of the teacher learning situation. Includes counselling and guidance personnel, librarians, etc. who are certified teachers.

Instructional - Other - 350

Includes salaries of all staff whose duties are supportive to the learning situation. Includes teacher-assistants, library clerks and technicians and other support type staff. Counselling and guidance personnel who are not teachers are included here.

Technical, Specialized and Service - 360

Includes salaries of all personnel whose duties are technical or specialized in nature. Includes accountants, computer technicians and programmers, nurses, trades, bus drivers, custodians, mechanics, cooks, etc.

Secretarial, Clerical and Other - 370

Includes salaries of personnel whose duties are secretarial or clerical in nature. Includes secretaries, word processing operators, data input personnel, accounting clerical and administrative clerical.

Clinician - 380

Includes salaries of all personnel who are psychologists, reading clinicians, speech/language pathologists, social workers, physiotherapists, and occupational therapists and who are certified as school clinicians.

EMPLOYEE BENEFITS AND ALLOWANCES - 400

Group Health and Life Insurance

Includes any group health or life insurance to which the school is making contributions on behalf of its employees.

Employee Retirement

Consists of contributions by the school on behalf of its employees, to a retirement plan other than Canada Pension Plan. Include Canada Pension Plan under Social Insurance.

Social Insurance

Includes expenditure by the school on behalf of its employees to any social insurance plan including unemployment insurance, Workers Compensation and the Canada Pension Plan.

Other

Includes other expenditures made on behalf of employees, such as, subsidized housing and board and other allowances such as retirement allowances.

SERVICES

Professional, Technical and Specialized - 510

Amounts paid for services rendered that can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, data processing service centres, laundry services, catering, caretaking, snow removal, etc. Contracts for repairs and maintenance are classified as Maintenance and Repair Services.

Communications - 520

Expenditures for services provided by persons or businesses to assist in transmitting messages or information. Includes telephone, internet, e-mail, postage, and line charges for fire and security systems.

Utility Services - 530

Expenditures for services provided by private and public utilities such as water, sewage, garbage collection, natural gas, electricity, and oil and propane for heating buildings.

Travel and Meetings - 540

Includes transportation, meals, accommodation, per diem allowances, and other expenses associated with travelling, meetings, etc. that are not part of a professional development nature. Also includes meals while not in travel status.

Transportation of Pupils - 550

Consists of all expenditures to individual carriers or contractors for transportation of pupils.

Tuition - 560

Includes tuition payments to allow students to take courses not offered in the school such as distance ed. and correspondence courses. This relates only to students counted in a school's full-time equivalent enrolment figures.

Printing - 570

Expenditures for job printing, usually following specifications. Include design and printing of forms and posters as well as the printing of publications that the school may publish. Exclude preprinted standard forms as they are considered supplies.

Insurance and Bond Premiums - 580

Expenditures for all forms and types of insurance coverage such as property, liability, fidelity bonds, as well as the cost of judgements, uninsured losses, and the deductible portion of insured losses.

Maintenance and Repair Services - 590

Expenditures for repairs and maintenance under $10,000 not provided by school personnel. Include contracts and agreements covering the upkeep of buildings, grounds, and equipment.

Rentals - 610

Expenditures for the rental or lease of land, buildings, and equipment for temporary or long-term use. This includes bus and other vehicle rental when operated by personnel on the payroll of the school, lease-purchase arrangements, and other similar rental agreements.

Taxes - 620

Expenditures for charges levied by a governmental unit. This includes property tax, local improvements, income tax and payroll tax.

Advertising - 630

Expenditures for advertising in professional periodicals, newspapers and other media for purposes such as personnel recruitment, used equipment sales, objects wanted, promotions, etc. Costs for public relation services and professional fees are not recorded here. (See Professional, Technical and Specialized.)

Dues and Fees - 640

Includes membership fees and/or dues in professional organizations. Registration fees for conventions and conferences will be included under either Professional Development or Travel and Meetings.

Professional Development - 650

Consists of activities designed to contribute to the professional or occupational growth of staff, including workshops, seminars and conferences and associated fees, travel, accommodation, meal expenses and per diem allowances.

SUPPLIES, MATERIALS AND EQUIPMENT

Expenditures for all supplies consumed in the operation of the school division, including freight and cartage charge. A supply item is any article or material which meets one of the following conditions:

(a) it is consumed in use;
(b) it loses its original shape or appearance with use;
(c) it is expendable: that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit than to repair it.
(d) it loses its identity through incorporation into a different or more complex unit or substance.

Supplies - 710

Included are items such as paper, chalk, toner, pencils, paints, paint brushes, crayons, test tubes, chemicals, shop supplies for technology education courses, oils, food, all janitorial supplies like brooms, mops, soap, etc.; gasoline, lubricants, tires, etc. Oil and propane for heating buildings are excluded and charged to Utility Services.

Curricular and Media Materials - 740

Consists of expenditures for textbooks, workbooks, manuals, fiction, non-fiction and reference books, films, records, audio and video tapes, educational software (including related licences, upgrades and annual charges), periodicals, newspapers, magazines, visual screens, maps and globes.

Minor Equipment - 760

Consists of equipment (including furniture) with a useful life of less than three years or unit value less than $10,000.

TRANSFERS and OTHER

Bad Debt - 960

An accounts receivable that has been deemed uncollectible and has been written off.

Interest and Bank Charges - 970

Includes interest on loans, bank interest, overdraft and other bank charges.

Organizations, Individuals and Other Entities - 980

Includes grants or donations to organizations and individuals where no goods or services of an educational nature are received in return.